

Message Text

UNCLASSIFIED

PAGE 01 RIYADH 00257 101038Z
ACTION L-03

INFO OCT-01 NEA-10 ISO-00 DODE-00 EB-08 NSAE-00 ICA-20
TRSE-00 SOE-02 DOE-15 CIAE-00 /059 W
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FM USLO RIYADH
TO SECSTATE WASHDC 402
USDOC WASHDC
INFO AMEMBASSY JIDDA
AMCONSUL DHAHRAN

UNCLAS RIYADH 257

E.O. 11652: N/A
TAGS: BGEN, PINT, SA
SUBJECT: AGENTS FEES

REF STATE 082543

1. FOLLOWING ANSWERS TO QUESTIONS IN REFTEL BASED ON CONVERSATIONS
WITH DEPUTY MINISTER OF COMMERCE AND FOREIGN PROCUREMENTS SECTION
IN MINISTRY OF DEFENSE AND AVIATION.

2. (A) ONLY AGENT FEE OF PRIME CONTRACTORS ARE BEING REVIEWED
AND THERE ARE NO PLANS TO AUDIT SUBCONTRACTORS.
(B) OFFICIALS INTERPRET "ARMAMENT SALES" TO INCLUDE ITEMS
DESIGNED FOR SPECIAL MILITARY END USE BUT DOES NOT REPEAT NOT
INCLUDE ALL SALES TO MINISTRY OF DEFENSE OR NATIONAL GUARD.
CONSTRUCTION WORK AND SUPPORT FACILITIES OF A BASICALLY CIVILIAN
NATURE ARE EXCLUDED. FOR EXAMPLE, SPARE PARTS FOR MILITARY
VEHICLES, MILITARY RADIO SYSTEMS, TRAINING PROGRAMS
FOR USE OF MILITARY EQUIPMENT ARE COVERED. BASIC
CONSTRUCTION OF A MILITARY STRUCTURE, A RADIO STATION
TO PROVIDE ENTERTAINMENT FOR AN ISOLATED MILITARY COMMUNITY
OR A MILITARY HOSPITAL ARE NOT COVERED. MODA SHOULD BE
CONSULTED IN BORDERLINE CASES.

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(C) THERE APPEARS TO BE NO OBJECTION TO MORE THAN ONE
AGENT AS LONG AS TOTAL FEES DO NOT EXCEED 5 PERCENT.
(D) AN AGENT MAY NEVER REPRESENT BOTH THE CONSULTING
ENGINEER AND THE IMPLEMENTING CONTRACTOR IN A SINGLE PROJECT.
CONFLICT OF INTEREST APPEARS TO BE MAIN CONCERN HERE.
(E) DECREE DOES NOT REPEAT NOT APPLY TO CONTRACTS WITH
AGENTS ENTERED INTO BEFORE DATE OF OFFICIAL PUBLICATION.

HOWEVER, MODA POLICY OF NOT PAYING AGENTS FEES FOR ARMAMENT
SALES WAS CARRIED OVER FROM OLDER DECREE AND APPLIES
REGARDLESS OF DATE CONTRACT WAS ENTERED INTO.

3. DEPUTY MINISTER OF COMMERCE ACKNOWLEDGES THAT MUCH
OF THE LANGUAGE IN DECREE IS AMBIGUOUS BUT INDICATED THAT
HE DID NOT EXPECT DECREE TO BE READ TOO LEGALISTICALLY.
GNEHM

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NNN

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